



7535-01-P

## **NATIONAL CREDIT UNION ADMINISTRATION**

### **Agency Information Collection Activities: Submission to OMB for Reinstatement with Change, Bank Conversions and Mergers, 12 CFR Part 708a; Comment Request.**

**AGENCY:** National Credit Union Administration (NCUA).

**ACTION:** Request for comments.

**SUMMARY:** NCUA intends to submit the following information collection to the Office of Management and Budget (OMB) for review and clearance under the Paperwork Reduction Act of 1995 (Pub. L. 104-13, 44 U.S.C. Chapter 35). The purpose of this notice is to allow for 30 days of public comment. The information collection relates to NCUA's regulation on conversions of federally insured credit unions (FICUs) to mutual savings banks (MSBs) and mergers of FICUs into banks. The regulation requires an insured credit union that proposes to convert to an MSB or merge into a bank to provide notice and disclosure of the proposal to members and NCUA and to conduct a membership vote.

**DATES:** Comments will be accepted until [INSERT DATE 30 days from date of publication in the **FEDERAL REGISTER**].

**ADDRESSES:** Interested persons are invited to submit written comments to the NCUA Contact and OMB Reviewer listed below:

NCUA Contact: Tracy Crews  
National Credit Union Administration  
1775 Duke Street  
Alexandria, Virginia 22314-3428  
Fax No. 703-837-2861  
E-mail: OCIOFRA@ncua.gov

OMB Reviewer: Office of Management and Budget  
ATTN: Desk Officer for the National Credit Union Administration  
Office of Information and Regulatory Affairs  
Washington, DC 20503  
E-mail: oirasubmission@omb.eop.gov

**FOR FURTHER INFORMATION CONTACT:** Requests for additional information should be directed to:

NCUA Contact: Tracy Crews  
National Credit Union Administration  
1775 Duke Street  
Alexandria, Virginia 22314-3428  
Fax No. 703-837-2861  
E-mail: OCIOFRA@ncua.gov

## **SUPPLEMENTARY INFORMATION:**

### **I. Abstract and Request for Comments**

NCUA is requesting reinstatement, with change, of the previously approved collection of information for NCUA's regulation on Bank Conversions and Mergers, 12 CFR part 708a (Part 708a), which provides the requirements for conversions of FICUs to MSBs and mergers of FICUs into banks. Part 708a requires an insured credit union that proposes to convert to an MSB

or to merge into a bank to provide notice and disclosure of the proposal to members and NCUA and to conduct a membership vote. These requirements are authorized under section 205(b)(2) of the Federal Credit Union Act, 12 U.S.C. 1785(b)(2). They are also necessary to ensure safety and soundness in the credit union industry, and to protect the interests of credit union members in the charter conversion and merger contexts. Submission of this information is designed to ensure NCUA has sufficient information to administer the member vote in an MSB conversion and to approve or disapprove a proposed merger into a bank. The information collection allows NCUA to ensure compliance with statutory and regulatory requirements for conversions and mergers. It also ensures that members of credit unions have sufficient and accurate information to exercise an informed vote concerning a proposed conversion or merger.

Subpart A of Part 708a (Subpart A) covers the conversion of insured credit unions to MSBs. Subpart A requires insured credit unions that intend to convert to MSBs to provide notice and disclosure of their intent to convert to their members and NCUA. It also requires insured credit unions to provide additional information to NCUA at various points in the conversion process.

Subpart C of Part 708a (Subpart C) covers the merger of insured credit unions into banks. Subpart C requires insured credit unions that intend to merge into banks (both mutual and stock banks) to determine the merger value of the credit union and provide notice and disclosure of their intent to merge to their members and NCUA. It also requires insured credit unions to provide additional information to NCUA at various points in the merger process.

The categories of burden and burden hours for credit unions complying with Part 708a may include the following:

Conversions to MSBs:

In the last five years, five credit unions have engaged in MSB conversion transactions. NCUA estimates it takes an average of approximately 300 hours to comply with the notice and disclosure requirements of Subpart A. Of the 300 hours, NCUA estimates that respondents will spend approximately 50 hours on recordkeeping, 42 hours on reporting, and 208 hours on third-party disclosure. Based on NCUA's experience, NCUA estimates that in the future one insured credit union will engage in an MSB conversion transaction in any given year, so that the total annual collection burden is estimated to be approximately 300 hours. The credit union is required to:

- a. Publish advance notice of intent to convert (section 708a.103(a))—3 hours;
- b. Solicit and review member comments on the advance notice (sections 708a.103(a) and (b))—4 hours;
- c. Have the directors approve the conversion proposal (section 708a.103(c))—50 hours;
- d. Notify NCUA of intent to convert (section 708a.105)—40 hours;
- e. Prepare a directors' certification of support for the conversion proposal and submit to NCUA (section 708a.105(a)(2))—1 hour;
- f. Prepare and mail notices to members and conduct a membership vote on the proposed conversion (sections 708a.104, 708a.106)—200 hours;
- g. Transmit, upon request, a member's communication to the other members (section 708a.104(f))—1 hour; and
- h. Prepare a member vote certification and submit to NCUA (section 708a.107)—1 hour.

### Mergers into Banks:

In the last five years, no credit unions have engaged in bank merger transactions. If a credit union were to engage in a bank merger transaction in the future, NCUA estimates it would take approximately 410 hours to comply with the merger valuation, notice, and disclosure requirements of Subpart C. Of the 410 hours, NCUA estimates that respondents will spend approximately 100 hours on recordkeeping, 102 hours on reporting, and 208 hours on third-party disclosure. NCUA estimates that in the future one insured credit union will engage in a bank merger transaction in any given year, so that the total annual collection burden is estimated to be approximately 410 hours. The credit union is required to:

- a. Obtain a merger valuation (section 708a.303(a))—50 hours;
- b. Publish advance notice of intent to merge (section 708a.303(b))—3 hours;
- c. Solicit and review member comments on the advance notice (section 708a.303(c))—4 hours;
- d. Conduct due diligence and have the directors approve the merger proposal (sections 708a.303(d), 708a.304(d))—50 hours;
- e. Prepare the Merger Plan and Notice of Intent to Merge and Request for NCUA Authorization and submit to NCUA (sections 708a.304(a) and (b))—100 hours;
- f. Prepare a directors' certification of support for the merger proposal and submit to NCUA (section 708a.304(c))—1 hour;
- g. Prepare and mail notices to members and conduct a membership vote on the proposed merger (sections 708a.305, 708a.306)—200 hours;
- h. Transmit, upon request, a member's communication to the other members (section 708a.305(g))—1 hour; and

- i. Prepare a member vote certification and submit to NCUA (section 708a.307)—1 hour.

In the Federal Register of August 28, 2015 (80 FR 52342), NCUA published a 60-day notice requesting public comment on the proposed collection of information. NCUA received no comments.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

NCUA requests that you send your comments on this collection for part 708a to the location listed in the **ADDRESSES** section. Your comments should address: (a) the necessity of the information collection for the proper performance of NCUA, including whether the information will have practical utility; (b) the accuracy of our estimate of the burden of the information collection, including the validity of the methodology and assumptions used; (c) ways we could enhance the quality, utility, and clarity of the information to be collected; and (d) ways we could minimize the burden of the information collection on respondents, such as through the use of automated collection techniques or other forms of information technology. It is NCUA's policy to make all comments available to the public for review.

## **II. Data**

**Title:** Bank Conversions and Mergers, 12 CFR part 708a.

**OMB Number:** 3133-0182.

**Form Number:** None.

**Type of Review:** Reinstatement, with change.

**Description:** Part 708a requires an insured credit union that proposes to convert to an MSB or to merge into a bank to provide notice and disclosure of the proposal to members and NCUA and to conduct a membership vote. Submission of this information is designed to ensure NCUA has sufficient information to administer the member vote in an MSB conversion and to approve or disapprove a proposed merger into a bank. The information collection allows NCUA to ensure compliance with statutory and regulatory requirements for conversions and mergers. It also ensures that members of credit unions have sufficient and accurate information to exercise an informed vote concerning a proposed conversion or merger.

**Respondents:** Federally insured credit unions.

**Estimated Number of Respondents:** 2.

**Estimated Number of Responses:** 2.

**Frequency of Response:** One-time; on occasion.

**Estimated Time per Response:** Ranges from 300 to 410 hours.

**Estimated Total Annual Hour Burden:** 710 hours.

**Estimated Total Annual Cost:** \$28,400.00

By the National Credit Union Administration Board on November 18, 2015.

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Gerard Poliquin

Secretary of the Board

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